

From: [Fajardo, Juan](#)
To: [Ricci, Richard F.](#)
Cc: [Mitchell, Tanya](#)
Subject: RE: Rolling Knolls Landfill Oversight Cost Bill
Date: Wednesday, February 04, 2015 2:12:18 PM

Rich –

Rich –

I just tried your office. I'll be out tomorrow, but in the ofc. on Friday. Feel free to call.

I understand you are frustrated that certain costs billed by the Corps aren't described in greater detail, but again, we have provided the documentation we have regarding Voucher Number 27069281. The Progress reports, which we sent you, are the back-up documentation we have. The Agency is required to provide documentation sufficient to provide an accurate accounting of the costs incurred by EPA. The financial report included in our bill satisfies the Agency's obligation. The Progress reports are additional and go beyond what we are required to provide. We simply don't have more documentation.

Juan

From: Ricci, Richard F. [mailto:RRicci@lowenstein.com]

Sent: Wednesday, February 04, 2015 12:31 PM

To: Fajardo, Juan

Cc: Mitchell, Tanya

Subject: RE: Rolling Knolls Landfill Oversight Cost Bill

The lack of any back-up for Voucher Number 27069281 leaves us with a charge of \$51,206 and virtually no information to evaluate that charge other than a narrative in the progress report describing "Contract and program administration. CDM contract pay-estimates and progress report. Close out activities for previous contract ongoing" and a reference to conference calls on three different days. I find it hard to believe that the federal government would pay such a large bill with no more back-up than that. I also do not understand why the progress report for that particular voucher does not include any information in the "Milestones Completed" section, when all of the other progress reports do.

I would appreciate the opportunity to discuss this issue at your convenience. Thanks. Rich Ricci

PS. I understand your explanation of the indirect cost charges.

Richard F. Ricci

Partner

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From: Fajardo, Juan [mailto:Fajardo.Juan@epa.gov]

Sent: Wednesday, February 04, 2015 10:01 AM

To: Ricci, Richard F.

Cc: Mitchell, Tanya

Subject: RE: Rolling Knolls Landfill Oversight Cost Bill

Rich –

We haven't found any additional documentation regarding the costs billed by the Corps. The information in our oversight bill, along with the Progress Reports we provided, is what we have. Similarly, the information in the oversight bill is what we have with respect to EPA's indirect costs. Indirect costs, as you likely know, are administrative costs incurred by the EPA Superfund program (including, for instance, the Region 2 office, the DC HQ office, the finance office in Oh.). Indirect costs as similar to a private company's overhead. EPA recovers its administrative costs by applying the indirect costs rate to all direct costs incurred by EPA for the Site.

Direct costs include EPA payroll costs (the EPA employee directly bills for time worked on the Rolling Knolls site), direct costs billed to EPA by a contractor, and direct costs billed to EPA by the Corps as contractor to EPA. In this case, the contractor, ENSOFTEX, billed EPA for direct costs of \$393.94. EPA then applied the indirect costs rate (38.37%) to those direct costs. Likewise, the Corps billed EPA for its direct costs (\$96,847.20) and EPA applied its indirect costs rate (38.37) to those direct costs. Section 7 of the financial report (SCORPIO\$) enclosed with the oversight bill lists the direct costs charged to the site and the indirect costs applied. Pages 5-6 of Section 7 show the direct and indirects costs for the Corps and ENSOFTEX.

Sincerely,

Juan

From: Ricci, Richard F. [<mailto:RRicci@lowenstein.com>]

Sent: Wednesday, January 28, 2015 1:50 PM

To: Fajardo, Juan

Cc: Mitchell, Tanya

Subject: RE: Rolling Knolls Landfill Oversight Cost Bill

Great. Thanks.

Richard F. Ricci

Partner

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From: Fajardo, Juan [<mailto:Fajardo.Juan@epa.gov>]

Sent: Wednesday, January 28, 2015 12:43 PM

To: Ricci, Richard F.

Cc: Mitchell, Tanya

Subject: RE: Rolling Knolls Landfill Oversight Cost Bill

Rich –

I don't believe there is additional information on the Corps' charge, but we will check.

I hope to have a response for you by the end of the week on the indirect cost rate.

Juan

From: Ricci, Richard F. [<mailto:RRicci@lowenstein.com>]

Sent: Wednesday, January 28, 2015 12:36 PM

To: Fajardo, Juan

Subject: RE: Rolling Knolls Landfill Oversight Cost Bill

In reviewing these reports in more detail, I have another question.

The oversight cost bill sets forth the total charge for Voucher Number 27069281 as \$51,206.36. This is, by far, the largest voucher amount included in the invoice. The progress report for this voucher (p.11 of the PDF that you sent me), provides very little information on the work covered by this voucher. The Work Performed Narrative states only, "USACE Activities include the following: Contract and program administration. CDM contract pay-estimates and progress report. Close out activities for previous contract ongoing." Unlike the other progress reports, this one provides no information in the Key Milestones Completed section. It is, therefore, very difficult to discern from the progress report what work was actually done to warrant a charge of this magnitude. Can you provide us with any further information as to the services covered by this invoice?

Also, do you have any information on the rationale for applying an indirect cost rate to third party charges (as requested below.)

Thanks for your continuing assistance. Rich Ricci

Richard F. Ricci

Partner

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From: Fajardo, Juan [<mailto:Fajardo.Juan@epa.gov>]

Sent: Monday, January 26, 2015 7:52 AM

To: Ricci, Richard F.

Subject: RE: Rolling Knolls Landfill Oversight Cost Bill

Rich –

Attached are Progress Reports submitted by the U.S. Army Corps of Engineers for the relevant period of time. This is the best information we have for those costs.

Juan

From: Ricci, Richard F. [<mailto:RRicci@lowenstein.com>]

Sent: Friday, January 16, 2015 6:21 PM

To: Fajardo, Juan

Subject: Rolling Knolls Landfill Oversight Cost Bill

Juan – We are in receipt of an oversight bill from the EPA in the amount of \$318,197.03, covering the period 10/1/13 to 9/30/14. Included in that amount are \$96847.20 in Interagency Agreement Costs. The only support for the Interagency Agreement Costs is a list of vouchers, which appear in Section 5 of the bill. We would appreciate it if you could provide us with copies of those vouchers or any other back-up information from which we shed light on the nature and scope of the work relating to those costs. The bill also includes \$37,160.28 in indirect costs relating to the Interagency Agreement Costs. These costs appear to have been calculated by applying a 38.37% indirect cost factor to the voucher amounts. We would also appreciate it if you could shed some light on the rationale for applying an indirect cost factor to what appear to be costs invoiced from a third party. Of course, if you have any questions or would like to discuss this further, do not hesitate to contact

me. Thanks. Rich Ricci
Richard F. Ricci
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